



**Insurance and Real Estate Committee
PUBLIC HEARING
Tuesday, March 15, 2022**

**Connecticut Association of Health Plans
Testimony in Opposition to**

S.B. No. 355 AN ACT ESTABLISHING THE 340B DRUG PRICING NONDISCRIMINATION ACT.

The Connecticut Association of Health Plans respectfully urges opposition to S.B. 355. Section 340B of the Public Health Service Act requires that pharmaceutical manufacturers sell drugs to certain facilities like federally qualified health centers and hospitals at a discounted rate.

S.B. 355 requires that health plans reimburse such facilities at their full rate *regardless of the discount provided by the manufacturers thereby adding appreciably to the underlying cost of premiums paid*. While some carriers may voluntarily pay the full rate today, the underlying system has evolved since passage into a complex network of contracts whereby eligible entities now enter into agreements with separate pharmacies conferring their 340B discount status to organizations otherwise unrelated to the original entity.

As you may be aware, health carriers and pharmacy benefit managers also negotiate rebates with pharmaceutical manufacturers, but those rebates don't apply to 340B drugs. As the 340B network grows, consumers in the commercial market are less likely to see the benefits of their own carrier's negotiated rebates either at the counter or through reduced premiums.

The complexities noted above are among the reasons why the National Conference of Insurance Legislators (NCOIL) has taken the initiative to draft a model act on 340B pricing and reimbursement. The organization is in the midst of its deliberations and will be meeting again in the coming months. It would behoove Connecticut to await the outcome of those discussions so that any law Connecticut enacts is fully vetted and considered in the context of model act requirements.

S.B. 355, as it stands today, would immediately result in increased costs to commercial consumers running contrary to the collective objective to make and keep health care coverage affordable in the state.

We urge your opposition to S.B. 355.